

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Blendon Township	County Ottawa
Fiscal Year End 3/31/07	Opinion Date 8/7/07	Date Audit Report Submitted to State 8/14/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

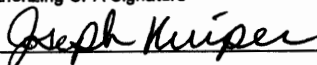
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Kiekover, Scholma & Shumaker, PC		Telephone Number 616-772-4615	
Street Address 205 East Main Street		City Zeeland	State MI
		Zip 49464	
Authorizing CPA Signature 	Printed Name Joseph Kuiper		License Number A256574

BLENDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2007

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

**Blendon Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

August 7, 2007

Township Board
Blendon Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blendon Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township, Michigan, as of March 31, 2007 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information listed in the foregoing table of contents under the caption "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" was not examined by us and, accordingly, we express no opinion on it.

Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

Management's Discussion and Analysis

As management of Blendon Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Blendon Township exceeded its liabilities at the close of the most recent fiscal year by \$5,319,006 (*net assets*). Of this amount, \$1,963,222 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$578,993. This is reflected in a net increase in capital assets of \$965,848, a decrease in restricted net assets of \$290,003, and a decrease in unrestricted net assets of \$96,852.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,406,883, a decrease of \$364,319 in comparison with the prior year. Approximately 80% of this total amount, \$1,926,026, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,562,135 or 148% of total general fund expenditures and transfers out.
- The Township has no long-term debt obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees, and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund, which are considered to be major funds. The Township has one (1) nonmajor fund. This nonmajor fund (Inspections Fund) is a governmental fund.

The Township adopts an annual appropriated budget for its General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund. Budgetary comparison statements have been provided herein to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds. The Township accounts for one type of fiduciary fund – two agency funds used to account for current tax collections and escrow deposits.

The basic fiduciary fund financial statement can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-15 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund found on pages 16-20 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Blendon Township, assets exceeded liabilities by \$5,319,006 at the close of the most recent fiscal year.

Approximately 50% of the Township's net assets reflect its investment in capital assets (e.g., land, shared road and drain improvements, buildings, vehicles, and equipment). The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the Township's net assets (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$1,963,222) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets.

The following table shows, in a condensed format, the net assets of Blendon Township as of March 31, 2007 and 2006.

TABLE 1 - Blendon Township's Net Assets

	Governmental Activities	
	2007	2006
Current and other assets	\$ 2,672,166	\$ 3,059,367
Capital assets	2,668,910	1,703,062
Total assets	5,341,076	4,762,429
Other liabilities	22,070	22,416
Net assets:		
Invested in capital assets, net of related debt	2,668,910	1,703,062
Restricted	686,874	976,877
Unrestricted	1,963,222	2,060,074
Total net assets	\$ 5,319,006	\$ 4,740,013

Change in Net Assets – As shown in Table 2 (changes in net assets) the Township's total revenues were \$1,443,790 for the current year, of which 50.6% was obtained from property taxes. Charges for services accounted for another 9.5% of the total, capital grants and contributions 3.5%, and state shared revenues another 27.9%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2007 was \$864,797. Township expenses cover a wide range of services. For the current fiscal year, about 42.1% of the Township's expenses related to general government services, 38% related to public safety, 15.3% related to public works, 3.1% related to community and economic development, and 1.5% related to recreation and culture.

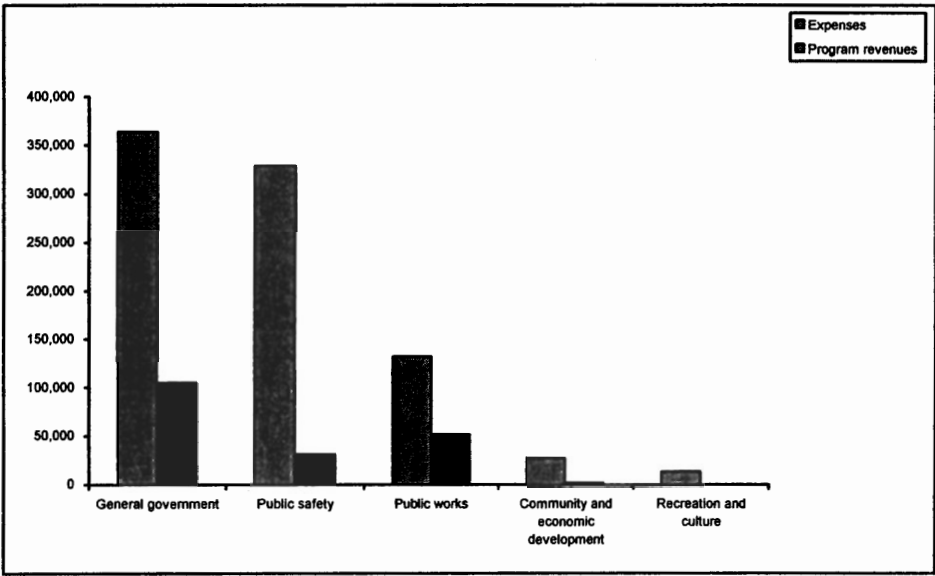
Net assets increased by \$578,993 for the Township's governmental activities.

The following analysis highlights the changes in net assets for the fiscal years ended March 31, 2007 and 2006.

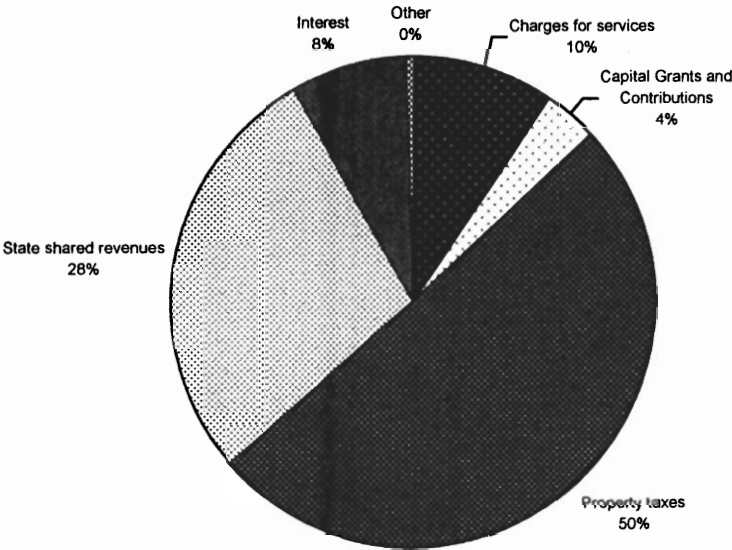
TABLE 2 - Blendon Township's Changes in Net Assets

	Governmental Activities	
	2007	2006
Program revenues		
Charges for services	\$ 137,603	\$ 144,349
Capital grants and contributions	51,138	396,066
General revenues		
Property taxes	730,065	674,201
State shared revenues	402,681	405,299
Interest	115,740	70,922
Gain on sale of capital assets	1,981	-
Other	4,582	5,339
Total revenues	<u>1,443,790</u>	<u>1,696,176</u>
Program expenses		
General government	363,636	317,478
Public safety	328,572	310,830
Public works	132,060	83,100
Community and economic development	27,075	23,912
Recreation and culture	13,454	7,792
Total expenses	<u>864,797</u>	<u>743,112</u>
Change in Net Assets	<u>\$ 578,993</u>	<u>\$ 953,064</u>

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for 2007 consist of the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues for fiscal year 2007 increased by \$36,618 or 4.8%. Property tax revenues increased by \$17,497 or 7.8%. State shared revenues decreased by \$5,922 or 1.5%. All other General Fund revenues increased by \$25,043.

General Fund expenditures increased in fiscal 2007 by \$292,531 or 56.7%. The most significant changes occurred in the categories of Public Works, which increased due to expenditures for road improvements, and Recreation and Culture, which increased primarily due to significant capital improvements to the Borculo Community Center.

The March 31, 2007 fund balance of the general fund is \$1,562,135, which is all unreserved. This is a decrease of \$254,344 from the prior year. The \$1,562,135 unreserved fund balance is approximately 148% of fiscal 2007 expenditures and operating transfers to other funds which amounted to \$1,058,646.

The Road Millage Fund is used to account for special taxes levied and other revenues restricted for road construction and improvements. Total Road Millage Fund revenues, consisting mainly of property taxes and special assessments, decreased by \$74,587, or 17.1%, to \$360,733. During the year the Road Millage Fund had \$593,206 in expenditures, compared to \$353,494 in the prior year, due to significant road paving or improvement projects in the current fiscal year. The March 31, 2007 fund balance of the Road Millage Fund is \$501,657, a decrease of \$132,473 from the prior year.

The Fire Operating Fund is used to account for special taxes levied and other revenues restricted for fire department operating and related expenditures. Total Fire Operating Fund revenues, consisting mainly of property taxes, increased by \$8,726, or 10.0%, to \$96,006. There was also \$100,000 of transfers in from the General Fund during the year, the same as the prior year. Fire Operating Fund expenditures for the fiscal year were \$170,589, a decrease of \$10,474, or 5.8%, compared to the prior year. The largest decrease was for contracted services. The March 31, 2007 fund balance of the Fire Operating Fund is \$118,275, an increase of \$25,417 from the prior year.

The Fire Replacement Fund is used to account for special taxes levied and other revenues restricted for the purchase of new fire department equipment. Total Fire Replacement Fund revenues, consisting mainly of property taxes, increased by \$18,228, or 10.9%, to \$186,199. Fire Replacement Fund expenditures for the fiscal year were \$222,735 compared to \$58,212 in the prior year. The increase was primarily due to an increase in capital outlay expenditures. The March 31, 2007 fund balance of the Fire Replacement Fund is \$197,326, an increase of \$13,464 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Budgeted revenues were increased to more accurately reflect expected property taxes (due to delinquent personal property tax settlement received). Budgeted expenditure amounts remained relatively consistent from the original to the final amended budget, with a decrease in budgeted highway, streets, and bridges expenses of approximately \$67,800 to reflect the decrease in expected road construction costs. Township operational departments generally stayed within budgeted amounts, resulting in total expenditures \$177,095 below the final budget. The General Fund's fund balance decreased by \$254,344 compared to a budgeted decrease of \$452,526.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounted to \$2,668,910 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and shared road improvements. The total increase in the Township's investment in capital assets for the current fiscal year was \$965,848 (56.7%).

During the fiscal year the Township had \$1,081,454 of capital expenditures. Major capital asset events during the current fiscal year include the following:

- \$208,939 expended for addition and improvements to fire barn
- \$623,754 of road improvement projects
- \$239,973 expended for Borculo Community Center improvements

Additional information on the Township's capital assets can be found in note 3C on page 13 of this report.

Blendon Township's Capital Assets (net of depreciation)

	Governmental Activities	
	2007	2006
Land	\$ 21,636	\$ 21,636
Construction in progress	-	149,905
Buildings and improvements	857,879	486,547
Land improvements	83,128	19,957
Machinery, equipment, vehicles	760,586	806,167
Shared road improvements	945,681	218,850
Total	<u>\$ 2,668,910</u>	<u>\$ 1,703,062</u>

Long-term debt. At the end of the current fiscal year, the Township had no long-term debt obligations.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year ended March 31, 2007 calls for no change in the overall property tax rate of 3.9200 mills.

The projected general operating revenues for the fiscal year ended March 31, 2008 appear to be comparable to those received during the fiscal year ended March 31, 2007. General operating expenditures for fiscal 2008 are expected to be approximately 21% lower than in fiscal 2007, primarily due to a significant decrease in fire expenditures (as the fire station expansion was completed in fiscal 2007), road expenditures (as there were numerous significant road projects in fiscal 2007), and Borculo Community Center expenditures (as the Borculo Community Center renovation was completed in fiscal 2007). For the fiscal year ended March 31, 2008 budget, the Township did not appropriate any of its unreserved fund balance.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township Supervisor's office.

Basic Financial Statements

Blendon Township, Michigan
STATEMENT OF NET ASSETS
March 31, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,289,779
Receivables:	
Taxes	46,748
Accounts	10,500
Special assessments	206,017
Due from other governments	94,592
Prepaid items	24,530
Capital assets	<u>2,668,910</u>
Total Assets	<u>5,341,076</u>
LIABILITIES	
Accounts payable	16,646
Accrued payroll	<u>5,424</u>
Total Liabilities	<u>22,070</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,668,910
Restricted for:	
Roads	512,058
Fire equipment	147,326
Construction code activities	27,490
Unrestricted	<u>1,963,222</u>
Total Net assets	<u><u>\$ 5,319,006</u></u>

Blendon Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2007

		Program Revenues		Net (Expense)
		Charges for	Capital	Revenue and
	Expenses	Services	Grants and	Changes in
			Contributions	Net Assets
				Governmental
				Activities
Function/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 363,636	\$ 104,830	\$ -	\$ (258,806)
Public safety	328,572	30,796	-	(297,776)
Public works	132,060	-	51,138	(80,922)
Community and economic development	27,075	1,977	-	(25,098)
Recreation and culture	13,454	-	-	(13,454)
Total Governmental Activities	\$ 864,797	\$ 137,603	\$ 51,138	(676,056)
 General revenues:				
				730,065
Property taxes				402,681
State shared revenues				115,740
Interest				1,981
Gain on sale of capital assets				4,582
Other				
Total General Revenues				1,255,049
Change in Net Assets				578,993
Net Assets - Beginning				4,740,013
Net Assets - Ending				\$ 5,319,006

Blendon Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2007

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Replacement Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,563,892	\$ 453,198	\$ 75,494	\$ 170,029	\$ 27,166	\$ 2,289,779
Receivables:						
Taxes	11,605	21,307	4,612	9,224	-	46,748
Accounts	4,000	-	-	-	-	4,000
Special assessments	10,878	195,139	-	-	-	206,017
Due from other funds	5,587	32,739	23,811	18,391	528	81,056
Due from other governments	63,898	-	-	-	-	63,898
Prepaid items	6,387	-	18,143	-	-	24,530
Total Assets	\$ 1,666,247	\$ 702,383	\$ 122,060	\$ 197,644	\$ 27,694	\$ 2,716,028
LIABILITIES						
Accounts payable	\$ 13,862	\$ -	\$ 2,264	\$ 318	\$ 204	\$ 16,648
Accrued payroll	3,903	-	1,521	-	-	5,424
Due to other funds	75,469	5,587	-	-	-	81,056
Deferred revenue	10,878	195,139	-	-	-	206,017
Total Liabilities	104,112	200,726	3,785	318	204	309,145
FUND BALANCES						
Reserved for:						
Roads	-	306,041	-	-	-	306,041
Fire equipment	-	-	-	147,326	-	147,326
Construction code activities	-	-	-	-	27,490	27,490
Unreserved-reported in:						
General Fund	1,562,135	-	-	-	-	1,562,135
Special Revenue Funds	-	195,616	118,275	50,000	-	363,891
Total Fund Balances	1,562,135	501,657	118,275	197,326	27,490	2,406,883
Total Liabilities and Fund Balances	\$ 1,666,247	\$ 702,383	\$ 122,060	\$ 197,644	\$ 27,694	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	2,668,910
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures	30,696
Cable franchise fees receivable are not considered available to pay for current year expenditures	6,500
Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures	206,017
Net Assets of Governmental Activities	\$ 5,319,006

Blendon Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2007

	General Fund	Road Millage Fund	Fire Operating Fund	Fire Replacement Fund	Other Governmental Fund Inspections Fund	Total Governmental Funds
Revenues:						
Taxes	\$ 241,243	\$ 270,267	\$ 90,458	\$ 179,777	\$ -	\$ 781,745
Licenses and permits	7,379	-	-	-	18,987	26,366
State shared revenues	401,161	-	-	-	-	401,161
Charges for services	20,130	-	-	-	-	20,130
Fines and forfeitures	265	-	-	-	-	265
Interest and rent	97,327	19,457	1,614	1,035	1,032	120,465
Other	36,797	71,009	3,934	5,387	-	117,127
Total Revenues	<u>804,302</u>	<u>360,733</u>	<u>96,006</u>	<u>186,199</u>	<u>20,019</u>	<u>1,467,259</u>
Expenditures:						
Current:						
General government	344,399	-	-	-	-	344,399
Public safety	43,847	-	170,589	222,735	36,402	473,573
Public works	135,200	593,206	-	-	-	728,406
Community and economic development	27,075	-	-	-	-	27,075
Recreation and culture	247,555	-	-	-	-	247,555
Insurance, bonds, and fringes	10,570	-	-	-	-	10,570
Total Expenditures	<u>808,646</u>	<u>593,206</u>	<u>170,589</u>	<u>222,735</u>	<u>36,402</u>	<u>1,831,578</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,344)</u>	<u>(232,473)</u>	<u>(74,583)</u>	<u>(36,536)</u>	<u>(16,383)</u>	<u>(364,319)</u>
Other Financing Sources (Uses):						
Transfers in	-	100,000	100,000	50,000	-	250,000
Transfers out	(250,000)	-	-	-	-	(250,000)
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(254,344)</u>	<u>(132,473)</u>	<u>25,417</u>	<u>13,464</u>	<u>(16,383)</u>	<u>(364,319)</u>
Fund Balances - April 1	<u>1,816,479</u>	<u>634,130</u>	<u>92,858</u>	<u>183,862</u>	<u>43,873</u>	<u>2,771,202</u>
Fund Balances - March 31	<u>\$ 1,562,135</u>	<u>\$ 501,657</u>	<u>\$ 118,275</u>	<u>\$ 197,326</u>	<u>\$ 27,490</u>	<u>\$ 2,406,883</u>

Blendon Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2007

Net change in fund balances-Total Governmental Funds **\$ (364,319)**

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	1,081,454
Current year depreciation expense on capitalized assets	(114,673)

Governmental funds report the proceeds from the disposal of capital assets. In the statement of activities only the gain or loss is reported for each disposal. Therefore the change in net assets differs from the change in fund balance by the net book value of assets disposed (933)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues	1,520
Cable franchise fees	200

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not recorded in the funds until collected or collectible within 60 days of year end (24,256)

Change in net assets of governmental activities **\$ 578,993**

Blendon Township, Michigan
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
March 31, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 14,676</u>
LIABILITIES	
Accounts payable	\$ 6,762
Due to other governments	<u> 7,914</u>
 Total Liabilities	<u>\$ 14,676</u>

Blendon Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Blendon Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Blendon Township:

A. Reporting Entity

Blendon Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The township has no blended component units.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. (Blendon Township has no such business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Blendon Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund - The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Millage (Special Revenue) Fund - The Road Millage Fund is used to account for tax revenues levied for purposes of funding road construction and maintenance.

Fire Operating (Special Revenue) Fund - The Fire Operating Fund is used to account for tax revenues levied for the purpose of funding fire department operating and related expenditures.

Fire Replacement (Special Revenue) Fund - The Fire Replacement Fund is used to account for tax revenues levied for the purpose of purchasing new fire department equipment.

Additionally, the township reports the following fund types:

Governmental Funds

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes and for monies received from General Fund transfers for specified purposes.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds - Agency Funds account for assets held by the township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments.*

The township maintains separate cash accounts for each of its various funds.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

3. *Inventories and Prepaid Items.*

Inventories do not consist of material amounts. Inventories of governmental funds are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Land improvements	15
Machinery and equipment	5-15
Office furniture and equipment	5-10
Vehicles	5-25
Roads and sidewalks	15-25

6. *Compensated Absences.*

It is the township's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. If material, all vacation and sick pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

7. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2006 ad valorem tax was levied and collectible on December 1, 2006, and recognized as revenue during the year ended March 31, 2007, when proceeds of this levy were budgeted and made available for the financing of operations.

The 2006 taxable equivalency valuation of the township totaled \$179,858,354 (\$179,768,490 ad valorem and \$89,864 abated property), on which taxes levied consisted of .9671 mills for operating purposes, .4921 mills for fire operating purposes, .9843 mills for fire equipment replacement, and 1.4765 mills for road maintenance purposes. This resulted in \$174,491 for operating purposes, \$88,786 for fire operating purposes, \$177,591 for fire equipment and facility replacement, and \$266,409 for road maintenance purposes.

The above amounts are recognized in the General Fund, Fire Operating Fund, Fire Replacement Fund, and Road Millage Fund as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparisons of actual results of operations as compared to budget for the General Fund, Road Millage Fund, Fire Operating Fund, and Fire Replacement Fund are included in the required supplemental information.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments totaling \$2,304,455 were reported in the basic financial statements in the following categories.

The breakdown between deposits and investments is as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Cash and investments	\$ <u>2,289,779</u>	\$ <u>14,676</u>

At year-end, all of the township's deposits and investments consisted of bank deposits (checking and savings accounts, certificates of deposit).

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the township's deposits may not be returned. The township does not have a deposit policy for custodial credit risk. At year end the bank balance of the township's deposits was \$2,317,976 of which \$176,992 was covered by federal depository insurance and \$2,140,984 was exposed to custodial credit risk because it was uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments, the township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The township has no investment policy that limits its investment choices beyond those required by state law. At year-end, the township had no investments.

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major fund and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Road Millage</u>	<u>Fire Operating</u>	<u>Fire Replacement</u>	<u>Total</u>
Receivables:					
Taxes	\$ 11,605	\$ 21,307	\$ 4,612	\$ 9,224	\$ 46,748
Accounts	4,000	-	-	-	4,000
Special assessments	10,878	195,139	-	-	206,017
Intergovernmental	<u>63,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,898</u>
Gross receivables	90,381	216,446	4,612	9,224	320,663
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 90,381</u>	<u>\$ 216,446</u>	<u>\$ 4,612</u>	<u>\$ 9,224</u>	<u>\$ 320,663</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$ 206,017</u>	<u>\$ -</u>

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 21,636	\$ -	\$ -	\$ -	\$ 21,636
Construction in progress	149,905	-	-	(149,905)	-
Subtotal	171,541	-	-	(149,905)	21,636
Capital Assets Being Depreciated					
Building and improvements	737,723	380,074	-	19,420	1,137,217
Land improvements	39,121	68,839	-	-	107,960
Machinery and equipment	224,789	4,551	-	-	229,340
Office furniture and equipment	49,944	4,237	-	-	54,181
Vehicles	994,737	-	(3,500)	-	991,237
Shared road improvements	222,559	623,753	-	130,485	976,797
Subtotal	2,268,873	1,081,454	(3,500)	149,905	3,496,732
Less Accumulated Depreciation for					
Buildings and improvements	(251,176)	(28,162)	-	-	(279,338)
Land improvements	(19,164)	(5,668)	-	-	(24,832)
Machinery and equipment	(211,489)	(2,147)	-	-	(213,636)
Office furniture and equipment	(42,364)	(6,397)	-	-	(48,761)
Vehicles	(209,450)	(44,892)	2,567	-	(251,775)
Shared road improvements	(3,709)	(27,407)	-	-	(31,116)
Subtotal	(737,352)	(114,673)	2,567	-	(849,458)
Net Capital Assets Being Depreciated	<u>1,531,521</u>	<u>966,781</u>	<u>(933)</u>	<u>149,905</u>	<u>2,647,274</u>
Governmental Activities Total					
Capital Assets - Net of Depreciation	<u>\$ 1,703,062</u>	<u>\$ 966,781</u>	<u>\$ (933)</u>	<u>\$ -</u>	<u>\$ 2,668,910</u>

Depreciation expense was charged to programs of the township as follows:

Governmental Activities	
General government	\$ 17,455
Public safety	63,938
Public works	27,408
Recreation and culture	5,872
Total Governmental Activities	<u>\$ 114,673</u>

Construction Commitments-The township had no significant construction projects or commitments as of March 31, 2007.

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of March 31, 2007 is as follows:

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road Millage	\$ 5,587
Road Millage	General	32,739
Fire Operating	General	23,811
Fire Equipment	General	18,391
Inspections	General	528
		<u>\$ 81,056</u>

The above amounts payable from the General Fund relate to general operating expenses paid by the receivable funds to be repaid by the General Fund, net of other amounts receipted by the receivable fund that are owed to the General Fund.

Interfund transfers reported in the funds statements were as follows:

	<u>Transfers Out</u>	
	<u>General Fund</u>	
Transfers In:		
Road Millage Fund	\$ 100,000	(1)
Fire Operating Fund	100,000	(2)
Fire Replacement Fund	50,000	(2)
	<u>\$ 250,000</u>	

The following describes the nature of significant transfers:

- (1) Transfer to Road Millage Fund for capital improvement purposes
- (2) Transfer from General Fund for annual operating purposes

E. Restricted Assets

The township has no restricted assets at March 31, 2007.

NOTE 4. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by Accident Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Required Supplementary Information

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 253,527	\$ 262,505	\$ 241,243	\$ (21,262)
Licenses and permits	12,556	12,556	7,379	(5,177)
State shared revenues	411,000	411,000	401,161	(9,839)
Charges for services	21,400	21,400	20,130	(1,270)
Fines and forfeitures	1,500	1,500	265	(1,235)
Interest and rent	36,500	56,500	97,327	40,827
Other	44,200	44,361	36,797	(7,564)
Total Revenues	<u>780,683</u>	<u>809,822</u>	<u>804,302</u>	<u>(5,520)</u>
Expenditures:				
Current:				
General Government:				
Township board	111,292	113,400	87,296	26,104
Supervisor	31,503	31,503	26,631	4,872
Audit	15,000	21,400	20,570	830
Elections	11,962	19,064	18,355	709
Assessor	47,703	50,130	35,378	14,752
Attorney	35,000	35,000	36,490	(1,490)
Clerk	35,106	39,483	37,394	2,089
Board of review	1,706	1,706	2,090	(384)
Treasurer	34,115	35,537	30,232	5,305
Building and grounds	63,055	66,455	38,237	28,218
Cemetery	28,221	28,221	11,726	16,495
Total General Government	<u>414,663</u>	<u>441,899</u>	<u>344,399</u>	<u>97,500</u>
Public Safety:				
Police services	<u>50,320</u>	<u>50,875</u>	<u>43,847</u>	<u>7,028</u>
Public Works:				
Drains	23,000	23,500	17,120	6,380
Highways, streets, and bridges	164,000	96,200	93,958	2,242
Street lighting	8,000	11,500	12,454	(954)
Water system	12,000	12,000	11,668	332
Total Public Works	<u>207,000</u>	<u>143,200</u>	<u>135,200</u>	<u>8,000</u>

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Community and Economic Development:				
Planning commission	32,863	32,836	26,950	5,886
Zoning board of appeals	<u>5,043</u>	<u>5,043</u>	<u>125</u>	<u>4,918</u>
Total Community and				
Economic Development	<u>37,906</u>	<u>37,879</u>	<u>27,075</u>	<u>10,804</u>
 Recreation and Culture:				
Borculo Community Center	<u>254,388</u>	<u>259,888</u>	<u>247,555</u>	<u>12,333</u>
 Insurance, bonds & fringes:				
Employee insurances	<u>12,000</u>	<u>12,000</u>	<u>10,570</u>	<u>1,430</u>
 Contingencies	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
 Total Expenditures	<u>1,016,277</u>	<u>985,741</u>	<u>808,646</u>	<u>177,095</u>
 Excess of Revenues Over (Under) Expenditures	<u>(235,594)</u>	<u>(175,919)</u>	<u>(4,344)</u>	<u>171,575</u>
 Other Financing Sources (Uses):				
Transfers in	-	800	-	(800)
Transfers out	<u>(127,407)</u>	<u>(277,407)</u>	<u>(250,000)</u>	<u>27,407</u>
Total Other Financing Sources (Uses)	<u>(127,407)</u>	<u>(276,607)</u>	<u>(250,000)</u>	<u>26,607</u>
 Net Change in Fund Balances	(363,001)	(452,526)	(254,344)	198,182
 Fund Balances - April 1	<u>1,816,479</u>	<u>1,816,479</u>	<u>1,816,479</u>	<u>-</u>
 Fund Balances - March 31	<u>\$ 1,453,478</u>	<u>\$ 1,363,953</u>	<u>\$ 1,562,135</u>	<u>\$ 198,182</u>

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ROAD MILLAGE FUND
Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
Revenues:				
Taxes	\$ 249,660	\$ 249,660	\$ 270,267	\$ 20,607
Interest	4,500	7,500	19,457	11,957
Other	74,735	74,735	71,009	(3,726)
Total Revenues	<u>328,895</u>	<u>331,895</u>	<u>360,733</u>	<u>28,838</u>
Expenditures:				
Current:				
Public works:				
Highways, streets, and bridges	<u>628,895</u>	<u>628,895</u>	<u>593,206</u>	<u>35,689</u>
Total Expenditures	<u>628,895</u>	<u>628,895</u>	<u>593,206</u>	<u>35,689</u>
Excess Of Revenues Over (Under) Expenditures	(300,000)	(297,000)	(232,473)	64,527
Other Financing Sources (Uses):				
Operating transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balances	(200,000)	(197,000)	(132,473)	64,527
Fund Balances - April 1	<u>634,130</u>	<u>634,130</u>	<u>634,130</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 434,130</u>	<u>\$ 437,130</u>	<u>\$ 501,657</u>	<u>\$ 64,527</u>

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Taxes	\$ 83,220	\$ 83,220	\$ 90,458	\$ 7,238
Interest	2,000	2,000	1,614	(386)
Other	2,400	4,200	3,934	(266)
Total Revenues	<u>87,620</u>	<u>89,420</u>	<u>96,006</u>	<u>6,586</u>
Expenditures:				
Current:				
Public Safety:				
Salaries	123,114	123,114	85,710	37,404
Social security	9,418	9,418	6,553	2,865
Supplies	3,250	3,250	3,056	194
Contracted services	800	5,200	5,108	92
Membership dues	4,500	4,700	4,740	(40)
Transportation	7,445	7,445	6,210	1,235
Insurance	26,500	40,800	22,616	18,184
Utilities	11,000	11,400	12,816	(1,416)
Telephone	4,500	4,500	4,105	395
Repairs and maintenance	15,000	20,100	16,929	3,171
Miscellaneous	9,500	7,900	2,746	5,154
Total Expenditures	<u>215,027</u>	<u>237,827</u>	<u>170,589</u>	<u>67,238</u>
Excess of Revenues Over (Under) Expenditures	(127,407)	(148,407)	(74,583)	73,824
Other Financing Sources (Uses):				
Transfers in	<u>127,407</u>	<u>127,407</u>	<u>100,000</u>	<u>(27,407)</u>
Net Change in Fund Balances	-	(21,000)	25,417	46,417
Fund Balances - April 1	<u>92,858</u>	<u>92,858</u>	<u>92,858</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 92,858</u>	<u>\$ 71,858</u>	<u>\$ 118,275</u>	<u>\$ 46,417</u>

Blendon Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE REPLACEMENT FUND
Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
				Budget
Revenues:				
Taxes	\$ 166,440	\$ 166,440	\$ 179,777	\$ 13,337
Interest	2,000	2,000	1,035	(965)
Other	1,050	2,550	5,387	2,837
Total Revenues	<u>169,490</u>	<u>170,990</u>	<u>186,199</u>	<u>15,209</u>
Expenditures:				
Current:				
Public Safety:				
Supplies	5,200	11,200	10,481	719
Contracted services	450	450	-	450
Repairs and maintenance	3,000	3,000	3,489	(489)
Miscellaneous	10,200	10,200	-	10,200
Capital Outlay	<u>150,000</u>	<u>208,800</u>	<u>208,765</u>	<u>35</u>
Total Expenditures	<u>168,850</u>	<u>233,650</u>	<u>222,735</u>	<u>10,915</u>
Excess of Revenues Over (Under) Expenditures	640	(62,660)	(36,536)	26,124
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balances	640	(12,660)	13,464	26,124
Fund Balances - April 1	<u>183,862</u>	<u>183,862</u>	<u>183,862</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 184,502</u>	<u>\$ 171,202</u>	<u>\$ 197,326</u>	<u>\$ 26,124</u>

Other Supplemental Data

**SECURITIES AND EXCHANGE COMMISSION
RULE 15c2-12 CONTINUING DISCLOSURE**

Blendon Township
HISTORICAL STATE EQUALIZED VALUATION
AND COMPONENTS OF STATE EQUALIZED VALUE

Historical State Equalized Valuation	
<u>Year*</u>	<u>Total SEV</u>
1997	\$ 110,812,310
1998	126,059,900
1999	143,307,800
2000	152,813,800
2001	175,426,400
2002	188,327,200
2003	204,210,300
2004	219,180,500
2005	238,642,800
2006	256,317,400

Components of State Equalized Value					
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Agricultural	\$ 49,023,100	\$ 49,351,500	\$ 47,439,500	\$ 44,886,900	\$ 41,775,700
Commercial	4,364,500	4,455,600	4,181,500	4,108,600	3,235,000
Industrial	2,917,200	2,696,400	2,664,800	2,515,300	2,616,200
Residential	<u>193,565,200</u>	<u>176,286,200</u>	<u>158,863,100</u>	<u>146,031,400</u>	<u>134,182,800</u>
Total Real Property	249,870,000	232,789,700	213,148,900	197,542,200	181,809,700
Total Personal Property	<u>6,447,400</u>	<u>5,853,100</u>	<u>6,031,600</u>	<u>6,668,100</u>	<u>6,517,500</u>
Total SEV	<u>\$ 256,317,400</u>	<u>\$ 238,642,800</u>	<u>\$ 219,180,500</u>	<u>\$ 204,210,300</u>	<u>\$ 188,327,200</u>

Components of 2006 Taxable Value	
Agricultural	\$ 23,603,097
Commercial	3,468,965
Industrial	1,601,035
Residential	<u>144,647,993</u>
Total Real Property	173,321,090
Total Personal Property	<u>6,447,400</u>
TOTAL TAXABLE VALUE	<u>\$ 179,768,490</u>

* Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

Blendon Township
MAJOR TAXPAYERS AND TAX RATES

Major Taxpayers

<u>Taxpayer</u>	<u>Product/Service</u>	<u>2006 Taxable Value</u>	<u>Percentage of Total 2006 Taxable Value</u>
Consumers Energy Company	Utility	\$ 2,325,837	1.29%
Robert Sawyer	Residence	1,110,054	0.62%
Semco Energy Company	Utility	1,089,200	0.61%
Buist Greenhouses	Flowers	850,294	0.47%
Dykema, Schut & Schut, LLC	Development	750,983	0.42%
Kent Vande Vrede	Residence	707,403	0.39%
MI Electric Trans. Co., LLC	Utility	682,100	0.38%
Michigan Wood Fibers, LLC	Landscaping products	542,704	0.30%
Pinetree Leasing, LLC	Real Estate	515,352	0.29%
Equestrian Trails, LLC	Real Estate	429,004	0.24%

The above taxpayers represent 5.2317% of the total 2005 Taxable Value of the Township.

Tax Rates¹
(Per \$1,000 of Taxable Value)

<u>Fiscal Year</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Blendon Township:					
Operating	0.9671	0.9741	0.9826	0.9894	0.9973
Fire Operating	0.4921	0.4957	0.4833	0.4867	1.4720
Fire Replacement	0.9843	0.9914	0.9668	0.9736	0.9813
Roads	1.4765	1.4871	1.4503	1.4603	1.4720
Ottawa County Operating	3.5000	3.5000	3.5000	3.4000	3.4000
Ottawa County E-911	0.4407	0.4411	0.4419	0.4429	0.4464
Ottawa County Parks	0.3165	0.3168	0.3174	0.3182	0.3208
Intermediate School District	4.2093	4.2109	4.2192	4.2305	4.2688
Public Schools ^{2,3}	9.0000	9.0000	9.0000	9.0000	9.0000
State Education Tax	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>
 Total	 <u>27.3865</u>	 <u>27.4171</u>	 <u>27.3615</u>	 <u>27.3016</u>	 <u>28.3586</u>

¹Taxes levied December 1 of prior year.

²Two local school districts fall within the boundaries of the Township. They are Hudsonville and Zeeland School Districts. The rates shown are the highest any resident of the Township would pay.

³This is the rate for homesteads, the non-homestead rate is 26.00

**Blendon Township
TAX COLLECTIONS**

Year*	Tax Levy	Collections to March 1 Each Year	
		Amount	%
1997	\$ 275,542	\$ 255,247	92.63%
1998	287,248	273,924	95.36%
1999	308,855	287,641	93.13%
2000	331,822	312,061	94.04%
2001	539,051	501,259	92.99%
2002	565,731	532,982	94.21%
2003	630,481	596,623	94.63%
2004	661,786	628,475	94.97%
2005	711,069	674,514	94.86%
2006	707,277	668,849	94.57%

*Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

**GENERAL FUND REVENUES AND EXPENDITURES
(Years Ended March 31)**

	2007	2006	2005	2004	2003
Revenues	\$ 804,302	\$ 767,684	\$ 713,444	\$ 695,631	\$ 733,634
Expenditures	<u>808,646</u>	<u>516,115</u>	<u>397,319</u>	<u>475,521</u>	<u>527,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,344)	251,569	316,125	220,110	206,434
Other financing Sources (Uses):					
Operating Transfers In	-	79,528	153,160	98,188	10,167
Operating Transfers Out	(250,000)	(200,000)	(115,000)	(122,500)	(453,716)
Fund Balance, April 1	1,816,479	1,685,382	1,277,919	1,082,121	1,319,236
Restatement Adjustment	<u>-</u>	<u>-</u>	<u>53,178</u>	<u>-</u>	<u>-</u>
Fund Balance, March 31	<u>\$ 1,562,135</u>	<u>\$ 1,816,479</u>	<u>\$ 1,685,382</u>	<u>\$ 1,277,919</u>	<u>\$ 1,082,121</u>

Blendon Township
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

Direct Bonded Indebtedness

No direct bonded indebtedness at March 31, 2007

Overlapping Bonded Indebtedness

<u>Municipality</u>	<u>Total Debt</u>	<u>Blendon Township's Share</u>	
Hudsonville School District	\$ 73,716,886	9.92%	\$ 7,312,715
Zeeland School District	96,680,000	6.56%	6,342,208
Ottawa County	21,510,000	1.99%	428,049
Ottawa Area Intermediate School District	7,140,000	1.75%	<u>124,950</u>
Net Overlapping Debt			<u>\$ 14,207,922</u>
Net Direct and Overlapping Debt			<u>\$ 14,207,922</u>

Summary of Direct and Overlapping Debt

Population (2000 Estimate)	5,721
2006 Actual Valuation (True Cash Value)	\$ 512,634,800
2006 SEV	\$ 256,317,400
2006 Taxable Value	\$ 179,768,490
Per Capita SEV	\$ 44,803
Per Capita Taxable Value	\$ 31,423
Net Direct Debt	\$ -
Per Capita	\$ -
Ratio to 2006 Taxable Value	0.00%
Ratio to 2006 SEV	0.00%
Ratio to 2006 True Cash Value	0.00%
Net Direct and Overlapping Debt	\$ 14,207,922
Per Capita	\$ 2,483.47
Ratio to 2006 Taxable Value	7.90%
Ratio to 2006 SEV	5.54%
Ratio to 2006 True Cash Value	2.77%

The Township has never defaulted on payment of its bonded indebtedness.

Bonded Debt Limit

There is no bonded debt limit for general law townships under the State Constitution and laws.

Blendon Township
INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS

<u>Year</u>	<u>Debt Outstanding on March 31</u>
2003	\$ 40,298
2004	-
2005	-
2006	-
2007	-



August 7, 2007

Township Board
Blendon Township, Michigan

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blendon Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Blendon Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. **Recording of Year-end Accounts Payable** - At March 31, 2007 the Township did not record accounts payable as required by U.S. Generally Accepted Accounting Principles. An audit adjustment was necessary to correct this situation. We recommend the Township maintain a listing of account payable by fund at March 31 and adjust the general ledger for these amounts.
2. **Auditor Adjustments** - During the course of the March 31, 2007 audit several adjustments were proposed by the auditor to properly record amounts for accrued payroll, prepaid expenses, special assessments earned, taxes receivable, tax revenues, interest income on investments, and miscellaneous other amounts.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entities internal control. We believe the following deficiencies to be material weaknesses.

1. **Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP)** - Blendon Township lacks adequate controls to prepare year-end full disclosure financial statements, including the related footnotes and government-wide (GASB 34) statements. The Township has limited expertise in the preparation of year-end financial statements and relies on the auditors to draft the annual financial statements including related disclosures. Because of this lack of internal expertise and because the auditor cannot be part of the Township's control environment, there exists a likelihood that a misstatement that is more than inconsequential to the financial statements will not be prevented or detected by the Township's internal control.

2. **Fixed Asset Accounting** - The Township lacks controls and procedures to identify property and equipment acquired during the year that is subject to capitalization in accordance with the Township's fixed asset capitalization policy. It is necessary for the auditor to assist with identification of such fixed assets in order to properly reflect fixed asset activity.
3. **Tax Fund Reconciliation/Payments to the Township** - At March 31, 2007 the Township had not reconciled the cash available in the tax collection fund to the amounts owing to the taxing units. The Township should establish procedures to ensure that the proper amounts are paid to the Township and other taxing units on a timely basis and that the cash available in the tax collection fund is reconciled to the amounts owed to the various taxing units.
4. **Investments** - The Township's treasurer has the authority to invest Township funds without significant oversight. The treasurer is also responsible for making all accounting entries relating to investment activity. This results in the danger that intentional or unintentional errors could be made and not detected.
5. **Cash reconciliation** - The Township did not reconcile bank accounts to the general ledger in a timely manner at various times during the year. We recommend that the Township's bank accounts be reconciled to the general ledger balances on a monthly basis to ensure that all receipts, disbursements, transfers, and other reconciling items are recorded on a timely basis, and to ensure the accuracy of the Township's cash balances and financial position.
6. **Payment of Property Tax Collections** - State law requires that property taxes collected on behalf of other taxing units be distributed within 10 business days after the first and fifteenth of the month in which collected. At various times during the year the Township was delinquent on its tax distributions. We recommend the Township develop procedures to ensure that tax distributions are made on a timely basis.

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekover, Scholma & Shumaker, PC